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HARMONIZATION OF BUDGETS: UNDP, UNFPA AND UNICEF

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the secretariats of UNDP, UNFPA and UNICEF on the harmonization of presentation of their biennial support budgets (DP/1997/2, E/ICEF/1997/AB/L.3 and Add.1). During its review of the matter, the Committee met with representatives of these three organizations.

2. In response to decision 94/30 of the Executive Board of the United Nations Development Programme and of the United Nations Population Fund and decision 1994/R.3/6 of the Executive Board of the United Nations Children's Fund, the Administrator of UNDP, the Executive Director of UNFPA and the Executive Director of UNICEF report on the following agreed matters:

(a) A common format for presentation of their biennial support budgets;

(b) Common terms and definitions related thereto; and

(c) A common methodology for the preparation of budget estimates.

The Advisory Committee welcomes this progress. The comments of the Committee below are preliminary. The Committee will comment further on this issue in the context of its review on future support budgets and the related proposals for changes in Financial Regulations and Rules (see para. 3 below).

3. The Advisory Committee notes from paragraph 3 of DP/1997/2, E/ICEF/1997/AB/L.3 that following their review and acceptance in principle by the Executive Boards of the three common elements mentioned above, the organizations will submit the agreed terms and definitions to the Consultative Committee on Administrative Questions (CCAQ) for review (see annex I to DP/1997/2, E/ICEF/1997/AB/L.3). Subsequently, as may be required, amendments to

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the Financial Regulations of the organizations will be submitted to their Executive Boards for approval. Moreover, as indicated in paragraph 49, the Committee notes that related accounts will be appropriately modified to reflect the proposed definitions and structure of the harmonization proposals. The Advisory Committee endorses these procedures.

4. Taking into account paragraphs 45 and 46 of General Assembly resolution 50/120, the Advisory Committee encourages UNDP, UNFPA and UNICEF to continue their collaborative approach in preparing reports on common issues. The Committee also encourages the organizations to continue to avail themselves of the United Nations consultative machinery in place, such as CCAQ, and share their experience in the harmonization exercise with other United Nations development organizations so that greater consistency would be promoted in the presentation of their support budgets.

5. The Advisory Committee welcomes the efforts made by UNDP, UNFPA and UNICEF in the preparation of the report and its addendum. The Committee notes that comments and observations made by the Committee on the subject of the harmonization of budget presentations (see, for example, para. 3 of DP/1995/52, and para. 2 of DP/1995/43) have closely been followed by the organizations. Progress has been made in identifying common features in the support budgets of these organizations and explanations have been provided for areas that are not common to the organizations, highlighting those where different treatment is required to meet the specific needs of each organization.

6. In paragraphs 6-19 of the budget harmonization report, the financial framework of the organizations is discussed, and a view of the overall resources available to UNDP, UNFPA and UNICEF (regular resources and other resources) is presented in some detail. The Resource Plan to be included in the biennial support budget will compare "resources available" and "use of resources" for the proposed biennium with the approved (current) biennium. It is proposed that in the Resource Plan the use of resources be divided into three main categories, namely Programme, Programme Support, and Management and Administration, taking into account observations on the issue at the 1996 second regular session of the UNDP/UNFPA Executive Board. The plan will include a section on reconciliation between amounts included under the use of resources section and amounts requested for appropriation in respect of regular resources and similar estimates relating to other resources (see annex III).

7. As indicated in paragraph 6 of the report, regular resources dedicated to Programmes and those dedicated to their support have separate approval processes by their respective Executive Boards. The budget presentation of resource requirements for Programme Support and Management and Administration under the "biennial support budget" of the organizations constitutes the primary focus of the report on harmonization.

8. The Advisory Committee notes that, as indicated in paragraph 9 of the report, the "use of resources" section represents the core of the harmonization effort. The different nature of the three organizations affects the degree to which full comparability may be achieved in their total support activities (i.e., programme support and management and administration). These differences are highlighted in paragraphs 13-15 of the report.

9. In paragraph 17, it is indicated that the proposed biennial budget will include information on the programmes funded by the organizations so that the Executive Boards may be able to evaluate the request for support resources within the context of the level of programmes to be funded. The Advisory Committee stresses the importance of this relationship and recommends that greater efforts be made by the three secretariats to refine the methodology for classifying programmes and support expenditure. Table 6 proposes a format that reflects the regional distribution of programmes and programme support. In this connection, with respect to UNICEF, the Committee recommended in paragraph 5 of its report contained in document E/ICEF/1997/AB/L.7 on the proposal on integrated budgeting in UNICEF (E/ICEF/1997/AB/L.4) that the biennial support budget should include an addendum summarizing the support budgets and the country programme estimates at the country level.

10. The proposed appropriation structure and the kind of information required to support the appropriation request is addressed in paragraphs 20-30 of the report. The Advisory Committee notes that, in the case of UNICEF, regional offices will be combined with country offices to read "country and regional offices". In this connection, the Committee notes that UNICEF advocacy and programme development costs, which were included in the integrated budget for headquarters and regional offices, will be budgeted separately from the "biennial support budget" in the future. UNICEF plans to submit this category of expenditure to the Executive Board for approval, as a programme budget at headquarters and regional offices (E/ICEF/1997/AB/L.4, para. 7). It is the intention of the Advisory Committee to review the appropriateness of this change in the context of the review of the full UNICEF integrated budget for the biennium 1998-1999.

11. Paragraph 30 indicates that unless required by extraordinary circumstances or to meet specific requests of the Executive Board, organizations do not normally intend to submit consolidated revised appropriations. With regard to UNDP, the Advisory Committee sought further clarification on the matter. It was informed that the Administrator may submit revised estimates during the course of the biennium, if required by extraordinary circumstances not foreseen at the time that the budget was prepared, or to meet specific requests and/or decisions of the UNDP Executive Board. In the case of specific decisions of the Board, for instance, the decision itself would have to be explicit as to what the financial implications are and how the Board wishes to accommodate them, i.e., either through an increase/decrease of appropriations, through redeployment or both. Such a decision would have to be specific as to whether the Board would want such change to be formally reflected and approved in a separate revision of the budget during the course of the biennium (e.g., at its next session), or whether it would want the change to be reflected in the base of the "current biennium", at the time the proposals for the following biennium are being prepared. In both cases, the decision would constitute an authority for the Administrator to enter into commitments and incur expenditure in line with the decision.

12. With regard to post requirements under the biennial support budget, the Advisory Committee notes from paragraph 41 of the report that the organizations propose to drop any distinction between types of posts although the distinction between posts financed under the biennial support budget and those financed

under programmes (project posts) will continue to be made. The Committee welcomes this approach and reiterates its views as indicated in paragraph 14 of its report contained in document E/ICEF/1997/AB/L.7 on the UNICEF revised integrated budget for the biennium 1996-1997 for headquarters and regional offices (E/ICEF/1997/AB/L.5).

13. The Advisory Committee exchanged views with the representatives of UNDP, UNFPA and UNICEF on the budget mock-up (contained in part two of the document). The preliminary views of the Committee are that the results presented in the report on the harmonization of budget presentations of these organizations will indeed contribute to a comprehensive and transparent budget proposal. The Committee will pronounce itself in detail on the matter once the 1998-1999 biennial support budgets have been prepared using the proposed format.